

EXHIBIT 3 - Other Diverse Collection Notices

United States Department of Education Billing Statement

Date: 6/10/98
 For: PROGRAM REVIEW

INSTITUTO DE EDUCACION UNIVERSAL
 MR. ANGEL RIVERA, PRESIDENT
 404 AVENIDA BARBOSA

HATO REY, PR 00917-0000



Customer Number: 131436065

\$19,860,906.00	\$0.00	\$0.00	\$265,012.08	\$20,125,918.08	7/10/98
Original Balance	Payments	Adjustments	Interest and Charges	Total Amount Due	Payment Due Date

IF AN APPEAL HAS BEEN APPROVED, PLEASE DISREGARD THIS NOTICE

If payment is not received by the due date, this debt will accrue interest charges at 5.00% per annum. Unpaid balances over 90 days old are assessed a 6.00% per annum penalty charge and an administrative fee of \$200.00 over the cost of processing overdue accounts.

For inquiries about this bill, please call (202) 401-2898

.....
 CUT ALONG DOTTED LINE AND RETURN THIS PORTION WITH YOUR PAYMENT

PLEASE WRITE YOUR CUSTOMER AND BILL NUMBERS ON YOUR CHECK PAYABLE TO:

United States Department of Education
 PO BOX 952226
 St. Louis, MO 63195-2226

131436065	PRP730213746	6/10/98	\$20,125,918.08
Customer Number	Bill Number	Bill Date	Total Amount Now Due

UB- Ex. 1

United States Department of Education Billing Statement

Date: 6/23/99
For: PROGRAM REVIEW

INSTITUTO DE EDUCACION UNIVERSAL
MR. ANGEL RIVERA, PRESIDENT
404 AVENIDA BARBOSA

HATO REY, PR 00917-0000



Customer Number: 131436065

\$357,351.00	\$0.00	\$0.00	\$2,977.93	\$360,328.93	7/23/99
Original Balance	Payments	Adjustments	Interest and Charges	Total Amount Due	Payment Due Date

IF AN APPEAL HAS BEEN APPROVED, PLEASE DISREGARD THIS NOTICE

ARBILLS.Sent_Counter = 0

For inquiries about this bill, please call (202) 401-2898

.....
CUT ALONG DOTTED LINE AND RETURN THIS PORTION WITH YOUR PAYMENT

PLEASE WRITE YOUR CUSTOMER AND BILL NUMBERS ON YOUR CHECK PAYABLE TO:

United States Department of Education
PO BOX 952226
St. Louis, MO 63195-2226

131436065	PRP2740214129	6/23/99	\$360,328.93
Customer Number	Bill Number	Bill Date	Total Amount Now Due

United States Department of Education Billing Statement

Date: 6/10/98
For: PROGRAM REVIEW

INSTITUTO DE EDUCACION UNIVERSAL
MR. ANGEL RIVERA, PRESIDENT
404 AVENIDA BARBOSA

HATO REY , PR 00917-0000



Customer Number: 131436065

\$314,752.00	\$0.00	\$0.00	\$4,396.69	\$319,148.69	7/10/98
Original Balance	Payments	Adjustments	Interest and Charges	Total Amount Due	Payment Due Date

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For inquiries about this bill, please call (202) 401-2898

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CUT ALONG DOTTED LINE AND RETURN THIS PORTION WITH YOUR PAYMENT

PLEASE WRITE YOUR CUSTOMER AND BILL NUMBERS ON YOUR CHECK PAYABLE TO:

United States Department of Education
PO BOX 952226
St. Louis, MO 63195-2226

131436065	PRP2730213746	6/10/98	\$319,148.69
Customer Number	Bill Number	Bill Date	Total Amount Now Due

United States Department of Education Billing Statement

Date: 6/10/98

For: PROGRAM REVIEW -FINE

INSTITUTO DE EDUCACION UNIVERSAL
MR. ANGEL RIVERA, PRESIDENT
404 AVENIDA BARBOSA

HATO REY , PR 00917-0000



Customer Number: 131436065

\$150,000.00	\$0.00	\$0.00	\$200.00	\$150,200.00	7/10/98
Original Balance	Payments	Adjustments	Interest and Charges	Total Amount Due	Payment Due Date

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For inquiries about this bill, please call (202) 401-2898

.....
CUT ALONG DOTTED LINE AND RETURN THIS PORTION WITH YOUR PAYMENT

PLEASE WRITE YOUR CUSTOMER AND BILL NUMBERS ON YOUR CHECK PAYABLE TO:

United States Department of Education
PO BOX 952226
St. Louis, MO 63195-2226

131436065	PRAAD9802330	6/10/98	\$150,200.00
Customer Number	Bill Number	Bill Date	Total Amount Now Due



UNITED STATES DEPARTMENT OF EDUCATION

REGION II
75 PARK PLACE, RM. 1206
NEW YORK, NEW YORK 10007

STUDENT FINANCIAL ASSISTANCE PROGRAMS

MAR 04 1998

Mr. Angel Ruiz-Rivera
Instituto de Educacion Universal
404 Avenue Barbosa
Hato Rey, Puerto Rico 00917

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Instituto de Educacion Universal
Final Program Review Determination
PRCN: 199730213746

OPEID: 02316400

Dear Mr. Ruiz-Rivera:

This office has not received a response to our correspondence dated August 23, 1997 and September 10, 1997 detailing the responsibilities of Instituto de Educacion Universal, located at 404 Avenue Barbosa, Hato Rey, Puerto Rico 00917 based on the expiration of the institution's Program Participation Agreement (PPA) on July 23, 1997.

This office has made final determinations concerning all of the outstanding findings as a result of the institution's failure to submit required information as outlined in the aforementioned letters. The purpose of this letter is to (1) assess the liabilities due from Instituto de Educacion Universal (2) notify you of your right to an appeal, and (3) close the review.

Pursuant to 34 CFR 668.26, an institution that loses eligibility to participate in the Title IV, HEA programs is required to:

- (1) Submit to the Secretary within 45 days after the date that the participation ends:
 - (a) All financial, performance, and other reports required by appropriate Title IV HEA program regulations; and
 - (b) A letter of engagement for an independent audit of all funds that the institution received under the Title IV HEA programs, the report of which shall be submitted within 45 days after the date of the engagement letter;
- (2) Return to the Federal government, or otherwise dispose of under instructions from the Secretary, any unexpended funds that the institution has received under the Title IV, HEA programs, less the institution's administrative allowance, if

OUR MISSION IS TO ENSURE EQUAL ACCESS TO EDUCATION
AND TO PROMOTE EDUCATIONAL EXCELLENCE THROUGHOUT THE NATION

applicable; and return to the appropriate lenders any Federal Family Education Loan (FFEL) program proceeds that the institution has received but not delivered to, or credited to the accounts of, students attending the institution;

- (3) Inform the Secretary of the arrangements that the institution has made for the proper retention and storage, for a minimum of three years of all records concerning the administration of the Title IV, HEA programs;
- (4) If the institution participated in the Federal Perkins Loan, formerly NDSL, or FDSL Program, inform the Secretary of how the institution will provide for the collection of any outstanding loans made under that program and its plan for the disposition of its portfolio; and
- (5) Distribute refunds of unearned tuition and fees and payments for institutional charges according to 34 CFR 668.22 of the Student Assistance General Provisions regulations.

Final Determination

Instituto de Educacion Universal failed to provide a response to our letters dated August 23, 1997 and September 10, 1997. Instituto de Educacion Universal was required to submit to the Department a letter of engagement for an audit of all Federal Title IV programs funds received during the period July 1, 1994 through July 23, 1997, as well as a copy of the actual audit. To date, the U.S. Department of Education (Department) has not received either the letter of engagement or the audit.

Due to Instituto de Educacion Universal's non-compliance with its requirements under the regulations, this office is unable to determine the portion of Title IV funds to which the institution was properly entitled prior to its loss of eligibility. As a result of the institution's apparent violation of its own fiduciary responsibility, this office has determined that Instituto de Educacion Universal is liable for all Title IV funds disbursed to the institution from July 1, 1994 through July 23, 1997, the date Instituto de Educacion Universal's PPA expired.

Liabilities Identified Section

This summary of liabilities is based on information from the Department's Financial Operation Division, Accounting and Financial Management Service's (AFMS) Institutional Data System, Payment Management System (EDPMS) and the National Student Loan Data System (NSLDS). The total liability assessed to Instituto de Educacion Universal from July 1, 1994 through July 23, 1997, the date of its loss of eligibility, is \$20,850,142 detailed as follows:

*Instituto de Educacion Universal - Page 3*1994-95 (July 1, 1994 to June 30, 1995)

Federal Pell Grant	\$ 9,786,086 (1)	
Federal Stafford Loan	192,609	
Federal SEOG	273,218	
Federal CWS	<u>91,255</u>	\$10,343,168

1995-96 (July 1, 1995 to June 30, 1996)

Federal Pell Grant	\$ 9,386,941	
Federal Stafford Loan	<u>605,484</u>	9,992,425

1996-97 (July 1, 1996 to June 30, 1997)

Federal Pell Grant	\$ 323,406	
Federal Stafford Loan	<u>191,143</u>	514,549

1997-98 (July 1, 1997 to July 23, 1997)

Federal Pell Grant	\$ 0	
Federal Stafford Loan	<u>0</u>	<u>0</u>

Total		<u>\$20,850,142</u>
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(1) This amount represents the total Pell Grant funds Instituto de Educacion Universal received for the 1994-95 award year (\$10,443,940) minus the total Pell Grant liability for that award year (\$655,554 in unpaid refunds and \$2,300 for verification problems) as established by Secretary's Decision (Docket Nos. 96-28-ST, 96-93-SP, and 96-103-SA) covering PRCN 199530200074 and ACN 02-40075.

Instituto de Educacion Universal must pay the Department \$19,860,906 for the Federal Pell Grant and Campus Based funding it received from July 1, 1994 through July 23, 1997. This amount represents \$19,496,433 in Federal Pell Grant funds (AY 94/95 - \$9,786,086, AY 95/96 - \$9,386,941 and AY 96/97 - \$323,406) and \$364,473 in Campus Based funds (FSEOG - \$273,218 and FCWS - \$91,255). In addition, the total ineligible FFEL (Stafford) volume for the period was \$989,236 (AY 94/95 - \$192,609, AY 1995/96 - \$605,484 and AY 96/97 - \$191,143). Using the actual loss formula, this office has determined that Instituto de Educacion Universal must repay \$314,752 to the Department for the FFEL program liability (\$60,315 for award year 1994/95, \$192,332 for award year 1995/96 and \$62,105 for award year 1996/97) (see Appendix A).

Instituto de Educacion Universal - Page 4

Payment Instructions

The total liability to be remitted to the Department based on this final program review determination is \$20,175,658 (Pell Grant - \$19,496,433, Campus Based - \$364,473 and FFEL/Stafford - \$314,752). Instituto de Educacion Universal must repay the \$20,175,658 by electronic transfer of funds through the Treasury Finance Communications System, known as FEDWIRE. You must request that your bank transmit the repayment through FEDWIRE by way of the Federal Reserve Bank in New York. If your bank does not maintain an account at the Federal Reserve Bank, it will use the services of a correspondent bank when making payments through FEDWIRE. Instructions for completing the electronic fund transfer message format are enclosed (see Appendix B).

If payment is not received within 45 days from the date of this letter by our collection agent, interest will accrue in monthly increments, starting with the date of this letter, until the date of receipt.

If you have any questions regarding interest accruals or payment credits, you may telephone (202) 401-1450 and ask to speak to your account representative.

If payment is not received in accordance with the instructions provided, the Department may collect the amount due and payable by administrative offset against payments due your organization from the Federal Government. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

If full payment to the Department cannot be made within forty-five (45) days of the date of this letter, contact the Accounts Receivable Management Group at (202) 401-1450 to apply for a repayment plan. Interest charges and other conditions apply. Written requests may be sent to the address below:

U. S. Department of Education
Accounts Receivable Management Group
600 Independence Avenue, S.W.
FOB 10B, Room 3400
Washington, DC 20202-4330

Appeal Procedures

This constitutes the Department's final program review determination with respect to the August 23, 1997 and September 10, 1997 letters regarding Instituto de Educacion Universal's responsibilities to the Department due to its loss of eligibility to participate in the Title IV, HEA programs. If you wish to appeal to the Secretary for a review of any matter in this final program review determination, you must file a written request for an administrative hearing. Your request must be received by the Department no later than 45

Instituto de Educacion Universal - Page 5

days from the date the institution receives this letter. An original and three copies of the information you submit must be attached to your request. Your request for a review must be sent to :

David L. Morgan , Director
U.S. Department of Education
Administrative Actions and Appeals Division
P.O. Box 23800
L'Enfant Plaza Station
Washington, DC 20026

If the institution chooses to hand-deliver its submission, or to use an overnight delivery or messenger service, please address the submission to:

David L. Morgan, Director
U.S. Department of Education
Administrative Actions and Appeals Division
7th and D Streets, SW
ROB-3/Room 3923
Washington, DC 20407

If you request an administrative hearing in a timely manner, the Department will provide a hearing conducted by a qualified hearing officer. You will be notified concerning the date of the hearing after the Department receives your request.

The Department will schedule an administrative hearing in accordance with Section 487 (b)(2) of the Higher Education Act of 1965, as amended, 20 U.S.C. 1094 (b)(2). The procedures followed with respect to your appeal will be those provided in 34 CFR 668, Subpart H.

The regulations require that your request for review must (1) include a copy of the final program review determination letter, (2) identify the issues and facts in the final determination that you dispute, and (3) state your position on the disputed matters with the pertinent facts and reasons supporting your position (34 CFR 668.113(c)). The program review control number (199740213924) must also accompany your request for review.

The regulations also require that you submit with your request for review any institutional work papers, records, or other materials that you may later wish to offer in this proceeding to support your position (34 CFR 668.113 (b)).

Instituto de Educacion Universal - Page 6

If you have any questions concerning this letter, please contact Mr. Thomas Whiting at (212) 637-0519.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. McKiernan". The signature is fluid and cursive, with the first name "Robert" and last name "McKiernan" clearly distinguishable.

Robert J. McKiernan, Area Case Director
Case Management Division - Northeast
New York Team

APPENDIX A

Actual Loss Worksheet -- Stafford Loans

Type of Institution: Proprietary
Institution Name: Inst de Educ Universal
Total Stafford Loans \$ 0.00
Total SLS \$ 0.00
Review Error Rate: 0.0%
Ineligible Stafford \$ 935918.00
Ineligible SLS \$ 53318.00
Cohort Default Rate: 16.2%
Estimated Stafford Defaults \$ 151619.00
Estimated SLS Defaults \$ 8638.00
Estimated Stafford Subsidies from Disbursement to Repayment \$ 135004.00
Estimated Stafford Special Allowance from Repayment to Default \$ 1730.00
Estimated Stafford Special Allowance from Repayment to PIF \$ 17761.00
Total Estimated Liability \$ 314752.00

The Total Estimated Liability above is the Department's estimate of the actual loss to the Department that has or will result from the ineligible SLS and Stafford loans made by your institution.

Estimated defaults are calculated for both SLS and Stafford using the most appropriate cohort default rate published by the Department.

The Department's loss for excess subsidies paid to lenders for ineligible Stafford loans is estimated by using the average number of days from:

- disbursement to entering repayment
- repayment to default, and
- repayment to paid in full

The averages used are based on school type, and are taken from historical information supplied to the Department from all guarantee agencies.

APPENDIX B

DEPARTMENT OF EDUCATION
FEDWIRE EFT MESSAGE FORMAT & INSTRUCTIONS

ABA Number 021030004	Type/Sub-Type	
Sender No.	Sender Ref. No.	Amount (1)

Sender Name (Automatically inserted by the Federal Reserve Bank)

Treasury Department Name/CTR/

TREAS NYC/CTR/

BNF=ED / AC - 91020001 OBI=

Name /City / State:

(2)

DUNS / EIN:

(3)

FOR:

(4)

INSTRUCTIONS

- A. Complete items 1-4 in parentheses above as follows:
- (1) Indicate amount including cents digits.
 - (2) Indicate Name, City and State.
 - (3) Indicate DUNS and EIN number.
 - (4) Enter the reason for the remittance (ACN or PRCN number).
- B. Provide the sending bank with a copy of the completed form. This form contains other information the bank will need to transmit the FEDWIRE message.
- C. If there are any questions regarding completion of this form, please contact the U.S. Department of Education at (202) 401-1450.